

**ATTACHMENT 1**  
**REVISED ORDINANCE**  
(Staff Recommendation)

**AN ORDINANCE ESTABLISHING A TEMPORARY MORATORIUM FOR AREAS IN AND AROUND THE NORTHSIDE AND PINE KNOLLS NEIGHBORHOODS, INCLUDING PROPERTIES THAT ARE WITHIN THE BORDERS OF THE NEIGHBORHOOD CONSERVATION DISTRICTS AND PROPERTIES LOCATED ON THE NORTH SIDE OF ROSEMARY STREET, SOUTH GRAHAM STREET, SOUTH ROBERSON STREET, SOUTH MERRITT MILL ROAD, AND PRITCHARD AVENUE EXTENSION (2011-06-21/O-2)**

WHEREAS, the Council of the Town of Chapel Hill has considered a proposal to amend the Zoning Atlas to enact a temporary moratorium for areas in and around the Northside and Pine Knolls neighborhoods, including properties that are within the borders of the Northside and Pine Knolls Neighborhood Conservation Districts and properties located on the north side of Rosemary Street, South Graham Street, Merritt Mill Road, and Pritchard Avenue Extension as indicated on the attached map.

WHEREAS, the Council conducted a hearing on June 20, 2011, and received and has considered public comment and a report and recommendation of the Town Manager following that initial public hearing.

WHEREAS, the Council has determined that the enactment of a temporary moratorium in these areas is needed because of changing conditions in these areas and in order to achieve the purposes of the Comprehensive Plan by delaying further redevelopment while the Town considers other ways to address incompatible development that is not consistent with the intent of the Neighborhood Conservation Districts, specifically, but not limited to, the conversion of modest single family homes into large rental properties that are targeted for student occupancy and the replacement of single family homes with large structures which are not compatible with the character of the neighborhoods.

WHEREAS a moratorium is intended to temporarily slow down and discourage this type of development and allow the Town and stakeholders to jointly design an action plan and strategies to address these concerns.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Chapel Hill:

SECTION I

**Statement of the problems or conditions necessitating the moratorium and what courses of action, alternative to a moratorium, were considered by the Town and why those alternative courses of action were not deemed adequate.**

Because the Northside and Pine Knolls neighborhoods are located close to downtown Chapel Hill, amenities and the University, they have been attractive neighborhoods to

many segments of the Town's population for a number of years, specifically University students.

The Town has identified a need to develop methods for addressing incompatible development that is not consistent with the intent of the Neighborhood Conservation Districts. Specifically, the conversion of modest single-family homes into large rental properties that are targeted for student occupancy has been a common practice by investors. These types of applications are expected to continue to be submitted.. This temporary moratorium will stop this type of conversion and allow the Town and the stakeholders to jointly design an action plan and strategies to address these concerns.

Complaints to the Town associated with a student rental property in a residential neighborhood include: late-night noise, litter, and several vehicular- related issues including increased traffic, , presence of excessive numbers of automobiles, both on the public right of way and on private property, illegal parking, and increased on-street and front lawn parking. The historic narrow streets in these neighborhoods contribute to these vehicle concerns being serious problems for access for residents as well as for service vehicles. Related to these issues are concerns of Town staff for the well-being of the tenants of these houses and the staff resources needed to address complaints and enforce ordinances on a case-by-case basis.

Student rental development in residential neighborhoods drives up the cost of rental housing to the point where families are unable to afford to rent a house in a community. In addition, when houses go on the market they are often bought by investors for student rentals rather than by owner-occupied households.

The draft Affordable Housing Strategy states that the Town should work to develop a plan to address the development pressures on the Northside and Pine Knolls neighborhoods, and that the Town should support a housing and cultural preservation program in the neighborhoods.

The Council finds from information presented at the public hearing:

- There has been a steady trend in the last decade toward investor-owned and student rental housing. Over 45% of single-family homes in the historic Northside area (excluding major apartments, which would increase this percentage) are now investor-owned and/or student-occupied.
- There has been a rapid transition in the character of available housing. Approximately 50% of homes in Northside have changed ownership in the last ten years, with most becoming investor-owned student rental properties.
- Many long term residents are no longer able to stay in their homes due to a significant increase in property taxes. These tax increases are the result of the investment by absentee owners in neighboring properties and the expansion and conversion of these structures into student rentals. Many long-term residents have experienced at least a 100% increase of property taxes and values since 2000.

While the increase in property values benefits sellers, it is a serious concern for those who wish to continue living in the neighborhood.

- Homes are also becoming unaffordable to existing owners because some homes are in need of significant home repairs and expensive energy efficiency renovations. As a result, the increase in utility expenses has made housing more unaffordable.
- There are over twenty properties in the Northside neighborhood that are empty, abandoned, or “in transition” in Northside. There is a concern that these properties could be purchased by investors and result in more incompatible development in the neighborhoods.
- There is a loss of a sense of community, felt broadly across diverse populations of Northside. Over two-hundred and fifty residents from the area attended community meetings to express their frustrations with the loss of community and their sense that their needs are being ignored, while also discussing their goals for their communities and how they might be achieved.

Current regulations, including the current Neighborhood Conservation Districts (NCDs), which include, among others: restrictions on duplexes; regulation of bedroom/bathroom standards; floor area limitations; and, lot configuration adjustments which have been developed and applied to these communities have been shown to not effectively address all of the concerns that lead to the NCDs’ initial creation, including cultural preservation of these historic communities and their character.

## SECTION II

### **Statement of the development approvals subject to the moratorium and how a moratorium on those approvals will address the problems or conditions leading to imposition of the moratorium.**

The moratorium shall apply to applications for building permits (interior and exterior), applications for site plan approval, special use permits, zoning compliance permits, minor subdivisions and major subdivisions (preliminary plat) for residential development on residential zoned property within the Northside and Pine Knolls Neighborhood Conservation Districts and properties located on the north side of Rosemary Street, South Graham Street, Merritt Mill Road, and Pritchard Avenue Ext. The areas subject to this moratorium are indicated on the map, Exhibit 1, attached hereto and incorporated by reference in this Ordinance.

The moratorium shall not apply to permits associated with non-residential properties.

The moratorium on these specific development applications temporarily stops these additional development proposals coming forward:

- to afford the Council and the community time to consider revised development

- regulations for future development in the area; and
- to develop and implement new and alternative strategies to address neighborhood issues which the Council determines are adversely affecting the character of these neighborhoods and the Neighborhood Conservation Districts.

As provided in G.S. 160A-381, this ordinance shall not apply to applications accepted prior to the call for the public hearing on May 23, 2011, for the following:

- any project for which a valid building permit issued pursuant to G.S. 160A-417 is outstanding,
- any project for which a conditional use permit application or special use permit application has been accepted,
- development set forth in a site-specific or phased development plan approved pursuant to G.S. 160A-385.1,
- development for which substantial expenditures have already been made in good faith reliance on a prior valid administrative or quasi-judicial permit or approval, and
- preliminary or final subdivision plats which have been received and determined by the Town to be complete. Any preliminary subdivision plat accepted for review by the Town prior to the call for public hearing, if subsequently approved, shall be allowed to proceed to final plat approval without being subject to the moratorium.

In addition, this ordinance shall not apply to applications for:

- Repairs required by the Building Code or other laws to fix damage due to catastrophic loss following storms, fires or similar incidents or deterioration from termite infestation or similar causes;
- Foundation repairs;
- Repairs necessary to bring structures into compliance with current standards for occupancy as set out in the Building Code; Repairs required by the Town to correct building code or zoning violations;
- Renovations not involving expansion of the existing building footprint that are needed to provide accessibility for a current resident of the structure under ADA standards or are otherwise needed due to the health or physical condition of a current resident of the structure;
- Renovations for which buildings permits are issued based on estimated costs which do not cumulatively exceed \$10,000 that do not involve the addition of new bathrooms or the moving of loadbearing walls, expansion of the existing building footprint or the existing building envelope or the addition of floor area.

### SECTION III

**Date for termination of the moratorium and a statement setting forth why that duration is reasonably necessary to address the problems or conditions leading to imposition of the moratorium.**

Date for termination of the moratorium is January 31, 2012.

The Council finds the duration is necessary to:

- Slow down conversion of single-family properties to large student rental houses.
- Allow for development of a vision statement for the area.
- Work with neighborhood stakeholders to jointly design an action plan and strategies.
- Prepare recommendations for Planning Board and Council consideration on development regulations.
- Consider possible amendments to the Land Use Management Ordinance.
- Allow the staff work group to implement new initiatives to address the impact of student rental properties on single-family neighborhoods.

### SECTION IV

**Statement of the actions, and the schedule for those actions, proposed to be taken by the Town during the duration of the moratorium to address the problems or conditions leading to imposition of the moratorium.**

During the duration of the moratorium, the Council directs the staff to take the following actions:

- Meet with neighborhood stakeholders to develop a vision statement, identify issues and develop strategies and an action plan (June – October, 2011);
- Implement new initiatives developed by the staff work group (beginning in June, 2011);
- Review the current guidelines of the Neighborhood Conservation Districts with Town staff and neighborhood stakeholders (June-September, 2011);
- Provide a status report to the Council (September, 2011);
- Consider possible amendments to the Land Use Management Ordinance (June – September), including but not limited to changes to Neighborhood Conservation District standards; and,
- Recommend a strategy and an action plan for Council consideration (November Public Hearing)

This the 21st day of June, 2011.